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FISCAL IMPACT STATEMENT

LS 7856

BILL NUMBER: HB 1435

NOTE PREPARED: Feb 2, 2005

BILL AMENDED:

SUBJECT: Marion County Local Government Reorganization.

FIRST AUTHOR: Rep. Hinkle

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill has the following provisions:

Consolidation of Police Services: It consolidates the law enforcement services of the consolidated city, the county, and the airport authority into the Metropolitan Law Enforcement Agency (Agency). It provides that the Sheriff operates the Agency with oversight by a Sheriff's Merit Board and the Metropolitan Police Commission.

It establishes a Transition Advisory Board to integrate law enforcement functions and personnel into the Agency, provides a process for consolidating the law enforcement services of an excluded city into the agency, establishes the qualifications to become a member of the Agency, and establishes the powers and duties of Agency members.

The bill requires the Sheriff to adopt a classification of ranks, grades, and positions and disciplinary rules and orders for the Agency and establishes a disciplinary administrative process for Agency members. It provides for the appointment of a prison matron, a chief deputy, an agency chief, temporary administrative ranks or positions, special deputies, and police reserve officers. It also establishes a procedure to determine the maximum meal allowance for prisoners in the Sheriff's custody, and establishes a Jail Commissary Fund and inmates' trust funds.

Consolidation of Fire Protection Services: The bill consolidates certain fire departments into the fire department of a consolidated city and provides that the employees of the fire departments being consolidated become employees of the consolidated fire department. It provides that the property, equipment, records, rights,

contracts (including labor contracts), and indebtedness related to fire protection services of the fire departments being consolidated are transferred to or assumed by the consolidated city.

It establishes the process by which the fire department of an excluded city can be consolidated into the fire department of a consolidated city, requires a consolidated fire department to provide county emergency ambulance services by written agreement with the Health and Hospital Corporation of the county, and authorizes a consolidated city to issue obligations to refund obligations issued by the fire departments being consolidated into the fire department of a consolidated city.

Consolidation of Police and Fire Pensions: The bill authorizes the fire special services district to levy a tax to pay the amounts required to satisfy the 1937 firefighters' pension fund obligations. It continues the existing Sheriff's Pension Trust, with the Public Safety Pension Commission as the trustee, to provide retirement benefits for county police officers appointed before January 1, 2006, and provides that new appointments to the Agency become members of the 1977 Fund.

It establishes a death benefit, disability benefit, and dependents' benefit for the Sheriff's Department. It provides for unified administration and management of the pension funds of the police and fire departments that are consolidated into the Metropolitan Law Enforcement Agency or the fire department of a consolidated city by establishing a Public Safety Pension Commission with a 14-member board of trustees. It also provides that the City Controller, who is a trustee, is the Treasurer of the Commission.

The bill provides that a police officer who is a member of the 1925, 1953, or 1977 Fund and a firefighter who is a member of the 1937 or 1977 Fund remains a member of the same fund after the consolidation. It provides that a police officer or firefighter whose services for an entity are consolidated into the Metropolitan Law Enforcement Agency or the fire department of a consolidated city becomes a member of the 1977 Fund. It also permits the Sheriff of a county having a consolidated city to become a member of the 1977 Fund upon the request of the executive of the consolidated city.

Small Claims Courts: It replaces the Marion County Small Claims Court with corresponding township divisions of a small claims division of the Marion Superior Court.

Assessor Duties: In Marion County, the bill eliminates the office of township assessor and provides that the City Controller administers the Dog Tax and Dog Fund and the County Assessor assumes other township assessor duties and responsibilities.

Consolidation of other Township Services: In Marion County, it adjusts the membership of the County Property Tax Assessment Board of Appeals, and limits the duties of the Board of Commissioners.

Veto: The bill provides that certain ordinances and resolutions are not subject to veto.

Office of Finance and Management: In Marion County, it specifies that the Controller acts for the City and the county and performs certain duties previously performed by the County Auditor. It requires that the Mayor appoint two deputy controllers, and creates the Office of Finance and Management.

Transitional Advisory Board: It provides for a transitional advisory board to make recommendations regarding reorganization of the townships.

Fire and Police Service District Maximum Levies: It establishes the annual maximum increase in the permissible ad valorem property tax levy for a consolidated city related to the fire special service district and the police special service district.

Township Fire Maximum Levies: The bill adjusts for 2006 the maximum ad valorem property tax levy of a consolidated city to account for the consolidation of certain fire departments into the fire department of a consolidated city. The bill exempts from the ad valorem property tax limits amounts imposed by a consolidated city to fund indebtedness assumed, defeased, paid, or refunded in connection with the consolidation of certain fire departments into the fire department of a consolidated city.

Township Consolidation: Beginning January 1, 2007, this bill provides that Marion County consists of the Central Township District (consisting of the area comprising the Indianapolis Public School District) and the consolidated township (consisting of all area within the county that is outside of the Indianapolis Public School district). It transfers all assets, property rights, equipment, records, personnel, and contracts concerning the provision of township assistance to the applicable township district on January 1, 2007. It transfers other assets, property rights, equipment, records, personnel, and contracts of a township to the consolidated city on January 1, 2006. It provides that the indebtedness of a township is assumed or defeased by the consolidated city. It requires township trustees and township boards representing the township districts to be elected at the 2006 general election.

Effective Date: Upon passage; July 1, 2005; January 1, 2006; July 1, 2006; January 1, 2007.

Explanation of State Expenditures: *All Provisions Regarding Property Tax:* The state pays Property Tax Replacement Credits (PTRC) in the amount of 60% of school general fund levies attributable to all property and 20% of the portion of all operating levies (including the remaining 40% of the school GF levy) that are attributable to real property and non-business personal property. Homestead credits are paid by the state in the amount of 20% of the net property tax due for qualifying funds on owner-occupied residences.

Some provisions of this bill will cause the maximum permissible levy for the county unit, consolidated city unit, or the township district unit to increase while the maximum levies of other units, such as townships, may be reduced or eliminated. Because of the way in which fire funding is added to the consolidated city's maximum levy under this bill (see *Explanation of Local Revenues*), it is not known whether actual property tax levies overall would rise or fall. That decision would be left to local authorities. State expenses for PTRC and homestead credits would rise or fall along with local levies.

Explanation of State Revenues:

Explanation of Local Expenditures: The following provisions may lead to cost savings by removing the duplication of services and increasing administrative efficiencies. Additionally, the bill includes other provisions that will have minor fiscal impacts on the townships, city, and county.

Consolidation of Police Services: This proposal creates a single agency consolidating the Sheriff and city law enforcement functions. The consolidated department provides (1) county jail operations and facilities; (2) emergency communications; (3) law enforcement; (4) security for buildings and property owned by the consolidated city, the county, or both; and (5) service of court documents for the consolidated city and the county under the direction and control of the Sheriff. The Metropolitan Law Enforcement Agency (MLEA), a division of the Sheriff's Department, provides all law enforcement services for the consolidated city, the

county, and in the territory where the airport authority currently provides law enforcement services.

The existing merit boards and systems are abolished and duties and powers transferred to a 7-member Sheriff's Merit Board. The Sheriff, with the approval of the Sheriff's Merit Board, establishes classifications for members of the Department and the MLEA. Also, the 4-member Metropolitan Police Commission is established under the bill to approve a Metropolitan Law Enforcement Agency transition plan which integrates law enforcement services, and to approve organizational structure of the MLEA including its patrol areas and levels. After the transition, the Metropolitan Police Commission serves as a permanent oversight body for the MLEA, approving procurement and implementation of resource allocation studies, the appointment of the Chief of the MLEA by the Sheriff, and consulting with the Sheriff and the Chief concerning the creation and operation of an internal affairs division. Further, a transition advisory board is established, consisting of members of the Metropolitan Police Commission and other members appointed by the Sheriff.

With the approval of the Commission, the Sheriff appoints the Chief of the MLEA and recommends the number and salary of the MLEA. The city-county legislative body determines the final budget and salaries of the Agency. Under the bill, the Sheriff appoints a prison matron and may employ assistant matrons to receive, search, and care for female prisoners and male prisoners less than 14 years of age. The Sheriff may also appoint a chief deputy and additional deputies or assistants. The sheriff has the power to appoint special deputies to have the powers of a law enforcement officer and to serve as county jail guards, as needed. The Sheriff is given a meal allowance for prisoners, and a Jail Commissary Fund and inmate trust funds are established under the bill.

Consolidation of Fire Protection Services: Under the bill, after December 31, 2005, the Consolidated Fire Department (CFD) would provide fire protection services for all of Marion County, with the exception of areas covered by a fire protection district or an excluded city that opts not to join the consolidation. All property, equipment, records, rights, and contracts of a fire protection territory or the airport fire department that is included in the consolidation would be either transferred to or assumed by the City of Indianapolis (the City). All employees of a department joining the consolidation would become employees of the CFD after December 31, 2005. Applicable labor agreements would also transfer.

The City would assume, pay, or refund all debt related to fire protection services incurred before January 1, 2006, by a township, airport authority, or a fire protection territory whose department is joining the consolidation. Under the bill, the City may not assume any amount of debt that would cause the City's total debt to exceed the current 2% debt limit, which equals 2% of 1/3 of the consolidated city's assessed valuation.

The CFD would be required to contract with the Health and Hospital Corporation for countywide ambulance services.

Excluded Cities: Three of the four excluded cities of Marion County (Beech Grove, Lawrence, and Speedway) operate a fire department and would have the option to be consolidated into the proposed CFD under the bill. If these departments were to consolidate into the CFD, the same provisions applicable to other consolidating departments would apply to these departments.

Township Fire Levy and Budget Information: The eight suburban townships of Marion County had the following certified budgets, levies, and rates in CY 2004 with respect to fire-related funds.

CY 2004 Township Fire Budgets & Levies									
	Fire			Cumulative Fire			Fire Debt		
Township	Budget	Levy	Rate	Budget	Levy	Rate	Budget	Levy	Rate
Decatur	2,530,766	1,677,973	0.158 9	300,300	262,942	0.024 9	1,268,31 4	1,114,07 3	0.105 5
Franklin	3,190,112	2,554,115	0.154 2	400,000	324,648	0.019 6	763,299	382,620	0.023 1
Lawrence	8,155,564	6,924,262	0.197 2	500,000	779,506	0.022 2	0	0	0.000 0
Perry	9,567,531	6,245,445	0.196 9	776,000	681,956	0.021 5	0	0	0.000 0
Pike	not avail.	9,036,876	0.187 2	not avail.	1,211,67 5	0.025 1	0	0	0.000 0
Warren	11,293,68 7	6,086,228	0.203 8	1,000,00 0	361,351	0.012 1	1,058,91 3	806,321	0.027 0
Washingto n	14,335,67 6	9,266,260	0.173 1	529,315	1,129,50 9	0.021 1	0	0	0.000 0
Wayne	9,068,740	6,772,984	0.208 6	1,966,05 4	905,878	0.027 9	0	0	0.000 0
TOTAL	58,142,07 6	48,564,14 3	1.479 9	Not Avail	5,657,46 5	0.174 4	3,090,52 6	2,303,01 4	0.155 6

Township	Fire Pension			TOTAL		
	Budget	Levy	Rate	Budget	Levy	Rate
Decatur	0	0	0.000 0	4,099,380	3,054,988	0.289 3
Franklin	0	0	0.000 0	4,353,411	3,261,383	0.196 9
Lawrence	0	0	0.000 0	8,655,564	7,703,768	0.219 4
Perry	388,115	133,219	0.004 2	10,731,646	7,060,620	0.222 6
Pike	0	0	0.000 0	not avail.	10,248,551	0.212 3
Warren	319,200	0	0.000 0	13,671,800	7,253,900	0.242 9
Washington	1,027,786	32,119	0.000 6	15,892,777	10,427,888	0.194 8
Wayne	0	0	0.000 0	11,034,794	7,678,862	0.236 5
TOTAL	1,735,101	165,338	0.004 8	Not Avail.	56,689,960	

Note: The budgets listed in the above tables include certified plus additional appropriations where applicable.

Background - Fire Service Information: There are approximately 37 fire stations (including the Indianapolis International Airport station) in the eight suburban townships of Marion County.

Consolidation of Police and Fire Pensions: This bill freezes the Marion County Sheriff's Pension Trust Fund to new entrants, effective January 1, 2006. All new law enforcement employees and fire fighters hired after December 31, 2005, will enter the 1977 Police Officers' and Firefighters' Pension and Disability Fund (1977 Fund). In most cases, there will be no fiscal impact to the funds, in that any additional expenditures due to the entry of newly hired personnel into the 1977 Fund will be offset by the lack of new members entering the Marion County Sheriff's Pension Trust Fund. However, the bill does permit the possibility of adding to the 1977 Fund police officers and firefighters who may currently be providing services for an entity in Indianapolis, but who are not currently covered under a pre-funded pension plan. To the extent that this occurs, the 1977 Fund could be negatively impacted.

In addition, the bill permits, upon the request of the executive of the consolidated city, that the sheriff of Marion County become a member of the 1977 Fund (funded by other cities and towns in Indiana) rather than the Marion County Sheriff's Pension Trust Fund (funded by Marion County). To the extent that this move affects the employer contribution rate, some of the costs to the fund for this individual could shift to other cities and towns in Indiana. However, the statewide impact, if any, is expected to be minimal.

Small Claims Courts: Consolidating the Superior Courts with the Small Claims Courts might yield some

administrative savings and could realize an increase of revenue to the Marion County general fund of between \$130,000 and \$500,000, depending on the number of small claims filings in any given year. This revenue is currently deposited with the township trustee for deposit into the township general fund. Using the weighted caseload methodology, it appears that, on average, there are no underutilized judges.

The Marion County Small Claims Court is composed of nine small claims court divisions. The Court's jurisdiction is limited to civil cases founded on contract or tort in which the claim does not exceed \$6,000, in actions for possession of property where the value of the property sought to be recovered does not exceed \$6,000, and in possessory actions between landlord and tenant in which the past due rent at the time of filing does not exceed \$6,000. These courts have no jurisdiction in actions seeking injunctive relief or involving partition of real estate; in actions to declare or enforce any lien (with certain exceptions); in actions in which the appointment of a receiver is asked; or in suits for dissolution or annulment of marriage.

As proposed, these courts would be consolidated with the Marion County Superior Courts. These courts would retain their jurisdiction and remain courts of non-record, meaning that there is no written record kept of any of the judicial decisions. Parties who wish to appeal a decision would file with the superior courts in Marion County.

Except for constables, all other court employees, including small claims judges, would be paid by the county with salaries determined by the Marion County City County Council.

Caseload Changes – LSA used the Weighted Caseload Study published by the Indiana Supreme Court's Division of State Court Administration to identify the efficiencies of the current court systems. This study is based on a methodology that assigns a normative amount of time that each type of case would take to be resolved. Criminal cases, particularly capital murder cases take the longest (2,649 minutes), while deciding on cases involving infractions and ordinance violations should take the shortest (2 minutes each). Small claims cases should be decided in 13 minutes under this system. Based on the number of filings that each court receives and the average time that each case should require to make a decision, the weighted caseload method can estimate the number of judicial officers needed to decide these cases within this normative framework. The number of judicial officers that are needed can then be compared to the existing number of judicial officers in the locality.

Using 2003 statistics, the most recent published statistics available, the following table shows the number of judicial officers needed with the number in existence. For both the courts of record and the Marion County Small Claims Courts, the need for additional officers exceeds the number of existing judicial officers. Consequently, any opportunities for these courts to share cases appears to be limited.

Comparing Judicial Officers Needed with Existing Court Officers Using the Weighted Caseload Method		
	Small Claims Courts	Courts of Record
Judicial Officers Needed	11.77	82.86
Judicial Officers Currently Existing	9.00	72.12

Expenditures and Revenues – Expenditures and revenues are reported in the annual reports of the Indiana Judicial Reports between 1999 and 2003. Currently, small claims court fees are deposited to, and expenses paid from, the township general fund. If both expenditures and revenues remain within the average between 1999 and 2003, the general fund of Marion County could receive an additional \$130,000 and \$500,000 each year in net revenue, after expenses.

Five-Year History of Expenditures for Marion County Small Claims Courts					
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Judges	\$ 395,489	\$ 412,762	\$ 425,957	\$ 445,275	\$ 469,232
Administrator	87,457				46,000
Secretaries	216,179	92,712	109,470		
Court Clerk & Other Employees	844,574	978,443	1,074,581	1,278,019	1,202,807
Pauper Atty					400
Indigent Exp				2,800	-
Special Judge	6,918	9,008	3,850	9,700	13,000
Other non-salaried		16,822		69,104	128,825
Supplies	135,879	120,506	147,464	163,017	226,677
Rentals	279,665	287,664	269,756	276,782	69,964
Lodging/meals			5,953		60,803
Other Services & Charges	260,387	193,561	167,699	219,099	44,661
Legal Libraries	1,900	2,200	2,521	2,538	20,573
Other Capital Outlays	<u>45,842</u>	<u>21,005</u>	<u>28,002</u>	<u>53,376</u>	<u>6,000</u>
Total Expenditures	\$ 2,274,290	\$ 2,134,683	\$ 2,235,253	\$ 2,519,710	\$ 2,288,942

Net Revenue Generated by Marion County Small Claims Courts by Calendar Year					
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Township Docket Fees	\$2,412,187	\$2,702,145	\$2,810,192	\$2,704,722	\$2,680,143
Total Expenditures	<u>\$2,274,290</u>	<u>\$2,134,683</u>	<u>\$2,235,253</u>	<u>\$2,519,710</u>	<u>\$2,288,942</u>
Revenues less Expenditures	<u>\$137,897</u>	<u>\$567,462</u>	<u>\$574,939</u>	<u>\$185,012</u>	<u>\$391,201</u>

Assessor Duties: The bill would transfer all responsibilities of administering the Dog Tax from the Township Assessor to the City Controller. The bill also transfers the responsibility of administering the Dog Fund from the Township Trustee to the City Controller. The City Controller would likely experience an increase in administrative duties as a result.

In Marion County, the township assessors are currently responsible for all proposed assessment functions in their respective townships. The township assessors in Marion County have several related duties that, in other counties, are the responsibility of the county assessor. Under this proposal, all of these duties would be ceded to the county assessor. Most, if not all, of the cost for township assessor services are already paid from the county general fund or the county reassessment fund under current law. CY 2004 appropriations for township assessors were \$6.2 M from the county general fund and \$3.6 M from the county reassessment fund for a total of \$9.8 M. The county also made a \$1.3 M additional appropriation from the county reassessment fund in 2004. However, it is not currently known if the appropriation was made to township assessors or to county offices.

Consolidation of Other Township Services: In addition to Dog Tax and property assessment services, the proposal would shift most township services to the city/county level. These services include fence viewing, and cemetery, park, and detrimental plant maintenance. Each of these services would be transferred to the most closely corresponding city/county department, office, or agency. Township assistance (poor relief) services would be transferred to the new central township district for residents who live within the IPS district, and to the new consolidated township district for county residents who live outside of the IPS district.

Veto: Under current law, the Mayor of Indianapolis may not veto an ordinance or resolution that contains the budget or an appropriation for the holder of a constitutional office or a judicial officeholder. The bill would restore the mayor's power to veto such measures.

Office of Finance and Management: The bill establishes the Office of Finance and Management to restructure the account and finance duties of the city and county. The Office would be responsible for all city and county departments, offices, and agencies in relation to: (1) accounting and budgeting; (2) financial reporting and audits; (3) revenue and tax distributions; (4) purchasing; (5) fixed assets; (6) payroll, accounts payable, and accounts receivable; and (7) maintenance of property records. The Controller and two Deputy Controllers will head the Office and take on most of the County Auditor's responsibilities.

Transitional Advisory Board: The bill includes transitional provisions for the consolidation of the county's townships. It calls for a transitional advisory board to be established by August 1, 2005, to formulate recommendations regarding reorganizing the townships. The recommendations are to cover: (1) transferring township duties to the city or county; (2) providing township assistance; (3) transferring township assessment duties to the county assessor; and (4) locating the township divisions of the county superior court's small claims division. The board is to consist of 21 members, including township trustees, city executive appointees, city/county legislative body appointees, and county commissioner appointees. Members of the board are not entitled to receive any salary for their service on the board, and the existing trustees' staff and budgets may be used to support the board's work.

Debt Assumption: The bill would assign all township debt, except for poor relief, to the consolidated city. In addition the consolidated city would assume any fire services-related debt held by the airport fire department and by an excluded city fire department that joins the consolidation. The 2004 total township debt levy was \$7.5 M. The only fire debt levy identified for an excluded city was \$442,000 in Lawrence Township.

Explanation of Local Revenues: *Property Tax Levies in General:* This bill would cause levies and obligations to be transferred from several taxing units in the county to either the county taxing unit or the consolidated county unit. The bill also redistributes the poor relief levies from all nine township units into two township district units. Each of these tax levies is moving from a smaller, more localized tax base to a broader, countywide, citywide, or districtwide tax base. So, all of these localized tax levies would be spread over a larger base.

Fire and Police Service District Maximum Levies: Beginning with property taxes paid in CY 2007, this proposal would increase the consolidated city's maximum permissible levy by the unused portion of the current fire and police special service district maximum levies each year. The increase would be limited to 10% each of the 2006 maximum levies for the fire and police special service districts. It would appear that the fire and police special service maximum levies could, over a period of several years, be migrated over to the consolidated city if local authorities wish to do so.

However, the bill also permits, but does not require, the special fire district rather than the consolidated city to impose the required levy to meet pension obligations for the 1937 fire pension fund. The bill requires the special police district to impose the required levy to pay the funding deficit in a year for the 1953 police pension fund. It is unclear whether operational funding for the MLEA will be *required* or merely *permitted* to be paid from a property tax levy in the police special service district.

In CY 2004, the maximum levy for the fire special service district was \$38.9 M and the maximum levy for the police special service district was \$45.2 M. The CY 2005 maximum levies are lower than the 2004 amounts because not all of the 2004 levy authority was used. The 2005 maximum levies are \$36.7 M for the fire special service district and \$44.3 M for the police special service district. Assuming a 3.9% growth, these maximum levies would total \$84.1 M in 2006. So, the greatest amount that may be transferred each year from the fire and police district maximum levies to the consolidated city's maximum levy is estimated at \$8.4 M.

Under current law, any levy authority that is not used in a year is lost. This provision allows the consolidated city to capture all unused levy authority in the fire and police special districts, including both intended migration amounts and the amount, if any, that would have been lost under current law due to a local decision to levy an amount that is less than the maximum.

Township Fire Maximum Levies: The bill would also increase the consolidated city's CY 2007 maximum levy by the amount budgeted in CY 2006 for fire protection, including debt and cumulative funds, by each township, the airport authority, and a fire protection territory or an excluded city if that unit's fire department is consolidated into the consolidated city. The bill requires the maximum levy of the township, airport, fire territory, or excluded city to be reduced by the same amount. However, the amount of increase to the consolidated city's maximum levy would exceed the total fire fund maximum levies of the units that consolidate. Those maximum levies would be reduced to zero. The airport does not impose a property tax rate and has no maximum levy.

The 2004 budget appropriations for township fire and related funds, including debt service and cumulative funds, amounted to \$68.4 M. The 2006 budget appropriation would be added to the consolidated city's maximum levy under this provision. The township maximum levies (and controlled levies) for fire services only amounted to \$48.7 M in CY 2004. This is the amount by which township levies would be reduced. The almost \$20 M gap between the budget appropriation and the maximum levy indicates that many of these expenses were paid either from levies that are not controlled by the maximum levy or from other revenue

sources. In fact, the levies for the debt service (\$2.3 M) and cumulative funds (\$5.7 M) are not part of the maximum levy. They totaled about \$8 M, bringing the total fire and related services levy to \$56.7 M. The budgets for fire-related funds showed that \$15.0 M in miscellaneous revenues were expected to be received and would fund part of the expenses. The majority of these miscellaneous revenues come from COIT (\$5.1 M), the Auto Excise Tax (\$4.5 M), and EMS fees (\$2.8 M).

In summary, the bill would allow the Consolidated City to:

- (1) Increase its maximum levy by approximately \$68 M: the total budget for township fire expenses, instead of the \$48.7 M that represents the township maximum levies for fire services, for a \$19.8M increase;
- (2) Impose a debt service levy and cumulative fund levy (total of \$8.0 M) that are outside of the maximum levy; and
- (3) Collect the miscellaneous revenue that townships currently receive that are attributable to their fire funds.

If the consolidated city chooses to use its entire maximum levy increase under this provision and also impose debt and cumulative fund levies, then the overall gross levy for fire services could increase by \$19.8 M. If the consolidated city elects not to use all of this levy authority, then the \$19.8 M increase would be reduced or eliminated. Any unused levy authority is forever lost under current law.

If the townships are able to increase their 2006 budgets to spend operating balances or any other available revenue, then the consolidated city's maximum levy increase would be larger than the amounts stated above. All of the fire services estimates are based on 2004 budgets and levies.

Small Claims Courts: The Division of State Court Administration reports that Marion County Small Claims Courts reported three type of revenues: the township docket fee and two service of process fees.

The following table shows a five-year history of these revenues.

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Township Docket Fees	2,412,187	2,702,145	2,810,192	2,704,722	2,680,143
Service of Process Fee for Certified Mail	39,883	80,117	830,347	994,144	277,391
Service of Process Fee for Personal Service	<u>1,191,887</u>	<u>1,293,968</u>	<u>950,195</u>	<u>1,099,396</u>	<u>1,868,585</u>
Total Revenues Collected	3,643,957	4,076,230	4,590,734	4,798,262	4,826,119

Under current law, constables who serve in the small claims court system are paid exclusively through the service of process fee revenue. As proposed, constables will continue to be paid from these fees. The township docket fees would be deposited in the county general fund.

Since the fee revenues exceed the reported expenditures, any net revenue that currently stays at the township level would be lost to the township if the docket fees are deposited in the county general fund.

Township Consolidation: Beginning in CY 2006, the bill would redirect the townships' shares of revenue from the County Option Income Tax (COIT) to Indianapolis and Marion County. The 2005 COIT revenue to be distributed to the townships totals \$7.7 M.

The state's Local Government Tax Control Board would review the two township districts' 2007 budgets, levies, and tax rates. The Control Board would set the budget, levy, and tax rate as if the township districts were new taxing units.

The central (Center) township district's maximum levy would be based on (1) the 2006 general fund and township assistance levies in Center Township, plus (2) 35% of the 2006 township assistance levy in the other eight townships. Based on 2004 levies, the Center Township district's maximum levy could be set at \$3.4 M.

The consolidated township district's maximum levy would be based on 65% of the 2006 township assistance levy in the eight townships. Based on 2004 levies, the consolidated township district's maximum levy could be set at \$1.1 M.

The total of the two township districts' maximum levies is estimated at \$4.5 M, using 2004 levy amounts. This amount is in contrast to the total 2004 township general and assistance fund levies of \$5.9 M. The total township district maximum levy would be almost \$1.4 M less than the current levy for township general and assistance funds.

Assessor Duties: For taxes paid in CY 2007, this bill would increase Marion County's maximum levy by the amount levied by the townships for assessor and related services. Most, if not all, township assessor services are currently paid from the county general fund or the county reassessment fund. There would be little or no increase in the county's maximum levy under this provision.

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: Cities of Indianapolis, Beech Grove, and Lawrence; Town of Speedway; All Marion County Townships, trial courts, and local law enforcement agencies; Indianapolis Airport Authority.

Information Sources: Department of Local Government Finance: LOGODABA.

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